

INFORMATIONAL HEARING AND SITE VISIT
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

In the Matter of:)	
)	Docket No.
OTAY MESA GENERATING)	99-AFC-5
PROJECT)	
_____)	

COUNCIL CHAMBERS
CHULA VISTA PUBLIC SERVICES BUILDING
276 FOURTH AVENUE
CHULA VISTA, CALIFORNIA

MONDAY, NOVEMBER 15 1999

4:05 p.m.

Reported By: Dan Grady

Contract No. 170-99-001

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMITTEE MEMBERS PRESENT

David A. Rohy, Commission Vice Chair,
Presiding Member

Robert A. Laurie, Commissioner, Second Member

Robert Eller, Commissioner Advisor

Susan Gefter, Hearing Officer

Major Williams, Hearing Officer

STAFF PRESENT

Jeff Ogata, Senior Staff Counsel

Eileen Allen, Project Manger

Arlene Ichien

Luz Manriquez

Lisa DeCarlo

Robert B. Haussler

Public Adviser

Roberta Mendonca

Applicant

Allan J. Thompson, Attorney

William D. Chilson

Sharon Segner, Project Manager

Nazre G. Adum

Proposed Intervenors

Kirk Crosswhite, CURE

Mark Seedal, Duke Energy

Patricia Barnes, Duke Energy

Also Present

Mike Tabler, San Diego County Assessor's Office

Chris Gallenstein, CARB

Arthur Carbonell, San Diego Air Pollution
Control District

Stella Caldwell, San Diego County Department
of Planning and Land Use

Dave Kerry, Port of San Diego

Interpreter

Yolanda S. Walther-Meade

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

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1 P R O C E E D I N G S

2 PRESIDING MEMBER ROHY: I'd like to
3 introduce myself. I'm David Rohy, Presiding
4 Member of the Committee for the Otay Mesa
5 Generating Project. I'm a CEC Commissioner.

6 The other member of the committee on the
7 dais here is Commissioner Bob Laurie, to my left,
8 and the two of us are the committee that will be
9 hearing the facts and eventually putting together
10 a report to the full Commission on this particular
11 application.

12 This is an informational hearing
13 tonight, and it's conducted by the committee that
14 I just mentioned of the California Energy
15 Commission, on the proposed Otay Mesa Generating
16 Project. The Energy Commission has assigned a
17 committee of two Commissioners to conduct these
18 proceedings, and we are separate from our staff
19 who is here tonight, and will be introduced a bit
20 later.

21 I'd like to introduce the people on the
22 podium. To my right is Bob Eller, my principal
23 advisor. To my far left is Major Williams, one of
24 the Hearing Officers at the Energy Commission, and
25 in the center is Ms. Susan Gefter, who will be the

1 Hearing Officer for this case.

2 I'd like to introduce Susan, Ms. Gefter,
3 to conduct the hearing tonight.

4 HEARING OFFICER GEFTER: A brief
5 introduction. PG&E Generating filed an
6 application with the Energy Commission to obtain a
7 license to build and operate the Otay Mesa
8 Generating Project, which is a proposed power
9 plant facility near the city of Chula Vista.

10 The purpose of today's hearing is to
11 provide information about the proposed power plant
12 and to describe the Commission's process in
13 reviewing the application.

14 We'd like to ask the parties to
15 introduce their representatives at this time, for
16 the record, and we start with the Applicant.

17 MR. THOMPSON: Good afternoon. My name
18 is Allan Thompson, I'm Project Counsel for the
19 Otay Mesa Project. And for the introductions and
20 introduction from the Generating Company I would
21 like to introduce Sharon Segner, who is Project
22 Manager for the project for PG&E Generating.

23 MS. SEGNER: Hello. My name is Sharon
24 Segner. I'd like to introduce Bill Chilson, from
25 PG&E Generating, who is heading up our

1 environmental permitting effort, as well as Nazre
2 Adum, from PG&E Generating. We have a full team
3 of folks who have been helping us on community
4 outreach, as well as on engineering staff, as well
5 as on the -- here at the project.

6 HEARING OFFICER GEFTER: Thank you.

7 Off the record.

8 (Off the record.)

9 HEARING OFFICER GEFTER: Would staff
10 please introduce yourselves and the
11 representatives who are here today?

12 PRESIDING MEMBER ROHY: If you would
13 turn around and face the audience and use this
14 microphone. I'm sorry. The red-banded one.

15 PROJECT MANAGER ALLEN: Eileen Allen,
16 the Energy Commission's Project Manager for the
17 Otay Mesa Project.

18 My staff, Jeff Ogata, Project Counsel;
19 Luz Manriquez, Project Secretary; Lisa DeCarlo,
20 from the Commission's Legal Office; and Arlene
21 Ichien, from the Commission's Legal Office.

22 HEARING OFFICER GEFTER: The next group
23 are the Intervenor, and at this point we have
24 petitions on file from CURE, which is the
25 Californians for -- California Unions for Reliable

1 Energy, and a couple of representatives from the
2 Pipefitters Union are here today. If you'd like
3 to come and introduce yourself for the record.

4 The petition from CURE to intervene in
5 the project will -- is before the Commission and
6 the committee will rule on it in the next few
7 days.

8 You can come forward and just introduce
9 yourself. We know that you're here. Speak into
10 the mic with the red band.

11 MR. CROSSWHITE: Kirk Crosswhite, United
12 Association of Plumbers and Pipefitters, Local
13 230. That's San Diego, California.

14 HEARING OFFICER GEFTER: Thank you.

15 Also, we have received a petition to
16 intervene from Duke Energy. Again, the petition
17 is before the committee, and will be ruling on
18 that within the next few days. Is there someone
19 here from Duke who would like to introduce
20 themselves?

21 MS. BARNES: I'm Patricia Barnes,
22 representing Duke Energy.

23 HEARING OFFICER GEFTER: Thank you.

24 Are there any agencies present today who
25 are attending the hearing and would like to

1 introduce themselves? We know that you're here
2 today. Yes, please come forward.

3 MR. CARBONELL: Arthur Carbonell, I'm
4 with the San Diego Air Pollution Control District.

5 HEARING OFFICER GEFTER: Thank you.

6 Is there anyone here from the San Diego
7 County Department of Planning and Land Use?

8 Is there anyone here from Cal-ISO?

9 The -- Caltrans, any Caltrans
10 representatives?

11 All right. We understand that those
12 agencies were going to attend. Maybe they'll be
13 here later.

14 Also, are there any members of the
15 public who would like to introduce yourself here
16 at this time? Okay.

17 Then I'd like to introduce our Public
18 Adviser. Roberta, could you come forward and --

19 PRESIDING MEMBER ROHY: This gentleman,
20 I think.

21 HEARING OFFICER GEFTER: Oh, I'm sorry.
22 Would you like to -- please come forward, and just
23 introduce yourself for the record.

24 MR. TABLER: I'm Mike Tabler, from the
25 San Diego County Assessor's Office.

1 HEARING OFFICER GEFTER: Thank you.

2 MR. GALLENSTEIN: I'm Chris Gallenstein,
3 with the California Air Resources Board.

4 HEARING OFFICER GEFTER: Thank you.

5 And now, Roberta from the Public
6 Adviser's Office.

7 PUBLIC ADVISER MENDONCA: My name is
8 Roberta Mendonca, and I'm the Public Adviser at
9 the California Energy Commission.

10 HEARING OFFICER GEFTER: Thank you.

11 Are there any other agency
12 representatives here? I'm sorry we missed the
13 last two. All right.

14 Later in the hearing the Public Adviser
15 will explain how the public can obtain information
16 about the project and how to participate and offer
17 comments during the review process. The Public
18 Adviser will also tell you how to intervene as a
19 formal party, and to present evidence and cross
20 examine witnesses, and she will make a
21 presentation to us when we reconvene.

22 Now, however, we have scheduled a site
23 visit to observe the location where the project
24 will be built. In order to view the site during
25 the daylight hours we will adjourn the hearing

1 now, and meet outside to join the Applicant on a
2 tour of the site.

3 Transportation will be provided for all
4 those interested in viewing the site, and then we
5 will return to this venue and reconvene the
6 hearing at approximately 6:00 p.m., or whenever
7 the buses come back here. Are there any questions
8 before we go off the record?

9 PRESIDING MEMBER ROHY: I think one of
10 the buses is out here now, and our plan was to
11 have one bus go immediately to make sure that the
12 riders on the first bus would be able to see the
13 site during the daylight hours and not get caught
14 in a lot of traffic. We were planning on having
15 the next bus take off in about ten or fifteen
16 minutes. Those of you who do not want to go on
17 the first bus and those who came late would go on
18 that bus.

19 HEARING OFFICER GEFTER: Thank you.

20 PRESIDING MEMBER ROHY: The buses are
21 outside.

22 HEARING OFFICER GEFTER: Thank you. The
23 hearing is now adjourned until about 6:00 p.m.

24 (Thereupon, the site visit was
25 conducted.)

1 PRESIDING MEMBER ROHY: We will begin
2 with a discussion on the interpretation.
3 Interpreters? We'll do it this way. Thank you.

4 MR. THOMPSON: Okay, thank you very
5 much. Again, my name is Allan Thompson, Counsel
6 for the Project. And I would like to introduce
7 Yolanda -- Yolanda, would you -- would you come up
8 and tell the audience the Spanish/English
9 capabilities that we're offering tonight?

10 MS. WALTHER-MEADE: Yes. My name is
11 Yolanda Walther-Meade, and we're offering
12 simultaneous interpretation for any Spanish
13 speakers who might so need it, as well as the
14 interpretation into English for any comments to
15 the English speaking audience. And I'm just going
16 to repeat this in Spanish so that anyone who needs
17 to have that knows that they're available in back
18 of the room.

19 (Thereupon, the Interpreter's comments
20 were repeated in Spanish.)

21 MS. WALTHER-MEADE: Thank you.

22 HEARING OFFICER GEFTER: Thank you.

23 The Informational Hearing is reconvened.
24 We're now back on the record. And for members of
25 the public who were not here earlier, before we

1 began -- we left for the site visit, we'd like to
2 have the parties introduce themselves again.

3 So we would start here with the
4 committee, and the committee is Vice Chair David
5 Rohy, who is Presiding Member on this committee to
6 hear the case, and Commissioner Bob Laurie. Bob
7 Eller, who is the advisor to Vice Chair Rohy. I'm
8 Susan Gefter, I'm the Hearing Officer, and Major
9 Williams is the other Hearing Officer assigned to
10 the case.

11 I'd like to ask the Applicant to
12 introduce yourself and your representatives again,
13 please.

14 MR. THOMPSON: Thank you. Again, I
15 would like to turn it over to the PG&E Generation
16 Project Manager, Sharon Segner, for the
17 introductions. And she will also, I think, tell
18 the audience about the -- the informational
19 materials, it's in the other room, and the videos
20 and the other informational aids that we have
21 tonight.

22 MS. SEGNER: Hi, my name is Sharon
23 Segner. And from PG&E Generating there's Bill
24 Chilson, who is heading up our environmental
25 permitting efforts. Allan Thompson, who has

1 introduced himself as outside counsel for the
2 project, and Nazre Adum. We also have
3 representatives from our permitting team, as well
4 as Sean O'Neill, from our Public Relations team,
5 as well as Bob Reed, from our Engineering team,
6 and others from PG&E Generating, as well.

7 Thank you very much for coming.

8 And in the back of the room and the next
9 room over, there's additional project information
10 in terms of pamphlets and brochures on the project
11 that can provide more details and information, as
12 well as any representatives from PG&E Generating
13 can also provide more information on technical
14 details on the project, as well.

15 And most importantly, they're seen in
16 the room next door, and please help yourself. In
17 addition, there are videos on PG&E Generating, our
18 company, that is developing this project, and that
19 video is available in both Spanish and English
20 versions.

21 HEARING OFFICER GEFTER: Thank you.

22 We'd like staff to introduce yourself,
23 and the representatives here today.

24 PROJECT MANAGER ALLEN: Eileen Allen,
25 Energy Commission Project Manager for the Otay

1 Generation Project. This is Jeff Ogata, the
2 Project Counsel for the project. We also have Luz
3 Manriquez, the Project Secretary, Lisa DeCarlo,
4 and Arlene Ichien from the Commission's Legal
5 Office.

6 HEARING OFFICER GEFTER: Thank you. We
7 also have, I believe, a representative from Duke
8 Energy, who has petitioned to intervene in this
9 project.

10 MR. SEEDAL: Yes. Good evening. My
11 name is Mark Seedal. I'm the Director of Electric
12 Modernization with Duke Energy. And just so the
13 parties know, Duke Energy operates the South Bay
14 facility nearby here, and under that contract
15 that's -- we have an obligation to ultimately
16 replace that facility in a ten-year timeframe. So
17 we have an interest in this case.

18 HEARING OFFICER GEFTER: Thank you. The
19 committee will rule on the petition to intervene
20 from Duke in the next few days.

21 Also, we had a petition to intervene
22 filed by CURE, California Unions for Reliable
23 Energy, and I believe there are a couple of
24 representatives here this evening. Would you --
25 the gentleman from the Pipefitters, could you come

1 forward and just introduce yourself again?

2 MR. CROSSWHITE: Kirk Crosswhite, with
3 the United Association of Plumbers and Pipefitters
4 here in San Diego.

5 HEARING OFFICER GEFTER: Thank you very
6 much. And again, the committee will rule on the
7 petition to intervene from CURE in the next few
8 days.

9 Also, we have some representatives from
10 agencies here this evening. We'd like them to
11 also come forward and re-introduce yourself, and
12 we had a representative from the San Diego County
13 Assessor's Office. If that person is still here
14 would you please come forward?

15 Thank you.

16 MR. TABLER: My name is Mike Tabler,
17 from the San Diego County Assessor's Office.

18 HEARING OFFICER GEFTER: Thank you.
19 Also, from the San Diego Air Pollution Control
20 District?

21 MR. CARBONELL: Arthur Carbonell, San
22 Diego Air Pollution Control District.

23 HEARING OFFICER GEFTER: And is there
24 someone from the San Diego County Department of
25 Planning and Land Use?

1 MS. CALDWELL: Stella Caldwell,
2 Department of Planning and Land Use.

3 HEARING OFFICER GEFTER: Of San Diego
4 County?

5 MS. CALDWELL: San Diego County.

6 HEARING OFFICER GEFTER: Thank you.

7 Is there any representative from Cal-ISO
8 here this evening?

9 Is there anyone from Caltrans?

10 Any other agencies, either state or
11 local? Please come forward.

12 MR. KERRY: Hi, I'm Dave Kerry. I'm a
13 consultant representing the Port of San Diego.

14 HEARING OFFICER GEFTER: Thank you.

15 MR. GALLENSTEIN: Good evening. I'm
16 Chris Gallenstein, with the California Air
17 Resources Board.

18 HEARING OFFICER GEFTER: Is there anyone
19 else from any other local or state or federal
20 agency here this evening?

21 Thank you.

22 Also, the -- we'd like to reintroduce
23 our Public Adviser, Roberta Mendonca. And Roberta
24 would say a few words about the process and how to
25 intervene, if anyone is interested in intervening

1 as a formal party in this proceeding.

2 PUBLIC ADVISER MENDONCA: Good evening.
3 My name is Roberta Mendonca, and I am here as the
4 Energy Commission's Public Adviser to welcome
5 members of the public. It's great to see you this
6 evening.

7 The -- a couple of little things.
8 There's a sign-in sheet at the back of the room,
9 and it's important that you sign in and put your
10 name down if you'd like to get future mailings and
11 notices about our public hearings.

12 The Energy Commission process is an open
13 process. It's intended to have public input all
14 along the way, and you can participate in coming,
15 as you have this evening, and making your comments
16 known. There'll be a time during the program
17 where public comment will be invited and you can
18 come down and share your opinions and your outlook
19 on the project.

20 Now, for some people there will be an
21 interest to become more involved, and the Energy
22 Commission specifically has a process called the
23 process of intervention. And if you're interested
24 in being an intervenor, you become a party in the
25 case, and you become as the staff or the

1 Applicant, with the same responsibilities and the
2 same ability to participate.

3 And probably the difference between
4 public comment and public participation at the
5 informal level does not really show up until you
6 get into the more formal phases of asking
7 questions, using data requests, and getting into
8 the formal evidence where a party, an intervenor,
9 may examine and cross examine the witnesses.

10 So I have information with me this
11 evening, and if you're interested in that type of
12 participation one of the jobs of the Public
13 Adviser is to make that information available to
14 you.

15 Again, I would stress that it's an open
16 public process. You are going to get a lot of
17 information this evening. I have a simple one-
18 page handout which is at the back of the room and
19 you're welcome to take away with you. It's a nice
20 summary of what you're going to see, and probably
21 the biggest clue is on the back. It's a yearly
22 calendar of what the potential timelines will be
23 for this project.

24 And, importantly, I have an 800 number.
25 It's also on the white sheet, or pick up a card at

1 the back of the room, and my number is 800/822-
2 6228.

3 You'll be hearing from other people
4 about local areas where you can view the
5 Application for Certification, which is the
6 information that has been provided to the Energy
7 Commission by the Applicant. And again, if you
8 have questions about that and need to know how to
9 find one, the Public Adviser will be glad to help
10 you.

11 Thank you.

12 COMMISSIONER LAURIE: Roberta, before
13 you leave the podium, I want to make it abundantly
14 clear that it's understood that you need -- need
15 not be a formal intervenor in order to
16 participate.

17 PUBLIC ADVISER MENDONCA: Did you all
18 hear -- was his statement amplified? Mr. Laurie
19 wished for me to reinforce that we have an open
20 public process, and in every meeting that we have,
21 whether they are workshops, hearings, or
22 conferences, there is an opportunity for public
23 comment and public opinion; that you do not have
24 to be an intervenor to participate in the process.

25 The main difference is if you decide you

1 wish to be involved in the formal evidence of the
2 case, that probably is the time that you would
3 want to intervene. However, in order to be an
4 effective intervenor, you need to intervene early.
5 Please don't think about it at the last minute.

6 Thank you.

7 COMMISSIONER LAURIE: Thank you.

8 HEARING OFFICER GEFTER: Let's go off
9 the record for a minute.

10 (Off the record.)

11 HEARING OFFICER GEFTER: I want to give
12 a little background as to why we're here. PG&E
13 Generating filed its Application for
14 Certification, or as we call it, an AFC, for the
15 Otay Mesa Generating Project in August of this
16 year. The project is a 510 megawatt facility that
17 is proposed for a 15 acre site east of Chula
18 Vista, off Alta Road. And that's where we went
19 this evening for our site visit.

20 The purpose of tonight's hearing is to
21 provide information about the proposed power plant
22 and to describe the Commission's licensing process
23 in reviewing the application.

24 Notice of this hearing was mailed on
25 October 18th to all parties, adjoining landowners,

1 interested governmental agencies, and other
2 individuals. In addition, the notice of tonight's
3 hearing was published in the San Diego Union
4 newspaper on November 10th.

5 Today's hearing is the first in a series
6 of formal committee events that will extend over
7 the next year. The Commissioners conducting this
8 proceeding will eventually issue a Proposed
9 Decision containing recommendations on the
10 proposed project.

11 It is important to emphasize that the
12 committee's Proposed Decision must, by law, be
13 based solely on the evidence contained in the
14 public record. To ensure that this happens, and
15 to preserve the integrity of the Commission's
16 licensing process, the Commission's regulations
17 and the California Administrative Procedure Act
18 expressly prohibit private contacts between the
19 parties and the committee members.

20 This prohibition against off the record
21 communications between the parties and the
22 committee members is called the ex parte rule.
23 This rule means that all contacts between the
24 parties and the committee regarding a substantive
25 matter must occur in the context of a public

1 discussion such as today's event, or in the form
2 of a written communication that is distributed to
3 all the parties. The purpose of the ex parte rule
4 is to provide full disclosure to all participants
5 of any information that may be used as the basis
6 for the future decision in this case.

7 Additional opportunities for the parties
8 and governmental agencies to discuss substantive
9 issues with the public will occur in public
10 workshops that will be held by Commission staff at
11 locations here in Chula Vista or in San Diego, or
12 somewhere in this area.

13 Information regarding other
14 communications between the parties and
15 governmental agencies is contained in written
16 reports or letters that summarize these
17 communications. All these written reports and
18 letters are distributed to the parties and they
19 are made available to the public. Information
20 regarding hearing dates and other events in this
21 proceeding will be available on the Commission's
22 Website.

23 The AFC is a public proceeding, as our
24 Public Adviser has indicated, and members of the
25 public and interested organizations are encouraged

1 to actively participate and to express their views
2 on matters relevant to the proposed project. The
3 committee is interested in hearing from community
4 members on any aspect of the project, and as Ms.
5 Mendonca indicated, members of the public are
6 eligible to intervene.

7 During the course of today's hearing,
8 which is more of an informal type of event, we
9 will ask the parties to make their presentations
10 in the following order.

11 First, PG&E Generating will describe the
12 proposed project and explain the plans for
13 developing the project site.

14 Next, the Commission staff will provide
15 an overview of the Commission's licensing process
16 and its role in reviewing the proposed Otay Mesa
17 Generating Project.

18 Then we'll hear comments from interested
19 agencies, members of the public, and proposed
20 intervenors. And then following the public
21 comment period, we will discuss scheduling for the
22 rest of this proceeding, and other matters that
23 are addressed in staff's Issue Identification
24 Report.

25 We'll provide time at the end of each

1 presentation for the parties and members of the
2 public to ask questions.

3 Before we begin, are there any questions
4 about today's agenda?

5 Applicant may begin your presentation
6 then. Thank you. Come forward. If you have -- I
7 don't know if you have overheads, or any other --

8 MS. SEGNER: Yes.

9 HEARING OFFICER GEFTER: Okay. You can
10 go ahead.

11 We'll go off the record for a minute.

12 (Off the record.)

13 MS. SEGNER: We'd like to thank the
14 California Energy Commission for the opportunity
15 to give a presentation on the Otay Mesa Generating
16 Project.

17 First of all, I would like to walk
18 through with you. My name is Sharon Segner, and
19 I'm representing PG&E Generating. PG&E Generating
20 is, and any other company reference in this
21 presentation that uses the PG&E name or logo, are
22 not the same company as Pacific Gas and Electric
23 Company, the regulated California utility.
24 Neither PG&E Gen nor these other referenced
25 companies are regulated by the California Energies

1 Commission, and customers of Pacific Gas and
2 Electric Companies do not have to buy products in
3 order to continue to receive quality regulated
4 services from the utility.

5 I would like to walk through with you
6 and introduce you tonight to PG&E Generating
7 Company, and then I would like to walk through the
8 need for the power plant in San Diego County, and
9 then specifically the details of the power plant
10 that we have filed with -- the proposed power
11 plant with the California Energy Commission.

12 PG&E Generating is the competitive
13 electric generation arm of PG&E Corporation, a
14 national energy sources holding company. We were
15 founded in 1989, and we have operations in over
16 ten states throughout the United States. We are
17 considered one of the largest developers of power
18 plants in the United States, and specifically
19 focus on the area of the new area power plants
20 called merchant power plants.

21 One of our hallmarks is our -- that we
22 are an industry leader in commercializing and
23 siting environmentally superior power plants,
24 generation technology. And that is one thing that
25 is an important backbone of our presentation, as

1 well as an important backbone of our proposed
2 power plant.

3 The next chart gives you an idea of
4 where our operations are in the United States.
5 Here in California we have recently completed a
6 process the California Energy process --
7 Commission process in Kern County, with our La
8 Paloma project. In addition, we have projects
9 scattered throughout the western United States,
10 Texas, Florida, Wisconsin, Michigan, and
11 throughout the northeast.

12 The reason that we are particularly
13 interested in siting a power plant in San Diego is
14 that we view that there is a critical need for
15 reliable power in San Diego, and for an additional
16 power plant to meet existing and future demand for
17 power in San Diego.

18 This area has been identified as an area
19 of need by key energy agencies in charge of
20 ensuring electrical reliability. Some of these
21 agencies include the California Independent System
22 Operator, the California Energy Commission, and
23 the Western Energy -- the Western System
24 Coordinating Council.

25 The reason that our belief is that San

1 Diego is a high risk area, from a reliability
2 standpoint, is that historically San Diego has
3 imported the vast majority of its power. Today,
4 the power that brings in the -- the electricity to
5 San Diego, the transmission lines, are near or at
6 full capacity. There's been no new power plant
7 sited in San Diego since 1971, but as you and I
8 know, San Diego has changed considerably since
9 1971.

10 Historically, San Diego's electrical
11 growth has grown about 100 megawatts per year,
12 about three percent, which is in excess of the
13 national average, but in recent years has exceeded
14 this number, as well. In addition, San Diego has
15 limited ability to import power from Tijuana
16 because its electrical demand is also growing, as
17 well.

18 All of these things point to the fact
19 that San Diego needs an additional power plant,
20 and there is a critical need for the power plant
21 in San Diego.

22 In addition, power quality issues and
23 power reliability issues are importantly -- are
24 very important, particularly in San Diego, due to
25 the fact that the type of industries that San

1 Diego is increasingly attracting are the biotech
2 and high tech industries.

3 A quote from Terry Wintner, who's the
4 current chairman of the California ISO. "San
5 Diego is in critical need of additional power
6 right now. It has been nearly 30 years since the
7 last power plant in San Diego went online. The
8 region has grown tremendously since then, and
9 power generation must keep up."

10 The power plant, we're very proud of the
11 power plant in the proposal that we have filed
12 with the California Energy Commission. In our
13 view, it is -- we have filed an efficient and
14 clean and reliable power plant proposal with the
15 California Energy Commission.

16 The Otay Mesa Generating Project, as you
17 saw earlier today, is -- encompasses 15 acres
18 within a 46 acre site in a remote area of San
19 Diego. It's an hour and a half north of the U.S.-
20 Mexico border, and it's located in the
21 unincorporated area of San Diego County.

22 The project is zoned for mixed
23 industrial use and is sited in an area that is key
24 -- a key area that's planned for commercial and
25 industrial use. The current land use in the

1 vicinity includes agricultural land, the Donovan
2 State Facility, as well as several small
3 businesses. In addition, this area lies within
4 Senator Peace's and Greg Costa's and others
5 planned and recently passed border redevelopment
6 zone.

7 The facility that we are proposing is
8 510 megawatts. It's combined cycle, and will --
9 and as part of the construction will include
10 offsite natural gas lines, water supply, waste
11 water, and waste water discharge pipelines. It
12 will provide enough energy for half a million
13 single family U.S. homes, and the plant will meet
14 or exceed all federal, state, and local
15 environmental standards.

16 The technology that we have proposed is
17 an extremely clean, state of the art, and
18 efficient technology. It's state of the art from
19 the standpoint of efficiency. The heat rate,
20 which is how power plants are measured, is below
21 7,000, which is a state of the art facility. It's
22 state of the art in terms of water conservation
23 technology, using a technology called dry cooling,
24 and compared to the existing San Diego power
25 plants in the area, uses about 36 times less water

1 for its processes. In addition, uses state of the
2 art emissions control technology.

3 The plant proposes to use and
4 commercialize a new type of emissions control
5 technology called SCONOx, which if it is able to
6 be commercialized, will also address particulate
7 2.5 concerns, as well. We are targeting this
8 plant to be the cleanest natural gas power plant
9 in the country.

10 The reason that we have filed as a
11 combined cycle facility is this facility is twice
12 as efficient as many older power plants. In
13 addition, this efficient design will make the best
14 possible use, in our opinion, of scarce natural
15 resources such as natural gas in the area. And
16 our belief is that this power plant, with -- as a
17 combined cycle power plant, is a good solution
18 when there is a limited gas -- natural gas supply
19 in the area, as well as limited offsets in the
20 area. And when those two factors are combined,
21 then a base-load facility is in order.

22 You have a picture before you of the
23 Otay Mesa facility. Earlier this evening you saw
24 a picture of what it looked like before, and this
25 is the after look.

1 The next slide, just for comparison
2 purposes, shows you the difference in size and the
3 visual impact of our plant versus the existing
4 power plants in the area.

5 This power plant will connect to San
6 Diego Gas and Electric's transmission system, a
7 short one-tenth of a mile connection on our site
8 will be built. In addition, possible addition of
9 wires, called reconductoring to an existing nine
10 mile transmission line may be a possibility as --
11 as a result, as well.

12 The economic and community benefits are
13 very strong, associated with this facility. There
14 are over 300 jobs that will be associated with it,
15 as well as 25 full-time jobs. It's a \$300 million
16 infrastructure investment into the San Diego
17 County community, which translates to about
18 \$3 million in annual local property tax. And our
19 view is that it has a stabilizing effect on energy
20 costs.

21 An extremely important part of our
22 package that we are rolling out to the community
23 is addressing the issue of air quality impact.
24 Our facility is, in our view, stellar and state of
25 the art in this -- in this regard. It uses clean

1 burning natural gas, and it proposes to use state
2 of the art emissions control technology, and if
3 commercially available, will introduce a new
4 technology called SCONox. This new technology has
5 minimum 2.5 emissions impact.

6 The proposed permit, from a technical
7 standpoint, is 2 PPM, which at three hour
8 averaging, which is the current standard in
9 California. However, the target for the plant is
10 1 PPM, making it potentially targeting to be the
11 cleanest power plant in the country.

12 We are also requesting an enforceable
13 NOx cap on our power plant at 100 tons, based on
14 our willingness to target the 1 PPM level.

15 Air quality impacts are also significant
16 from the vantage point that our view is that
17 existing power plants in the San Diego area, which
18 are simply 1950s and 1960s technology, compared
19 with our efficient technology, will -- will run
20 less, and that will have a positive impact on the
21 air quality situation in San Diego. Our plant is
22 targeted to be at least eight to ten times
23 cleaner, if not more, than the existing area
24 facilities.

25 In addition, our plant proposed to use

1 mobile offsets to offset the pollution from our
2 facility. What we propose to do as part of our
3 offset package, in order to site a power plant
4 you need to have a net environmental benefit to
5 the San Diego community. In order to -- to do
6 this, we're proposing to convert large fleets of
7 natural gas trucks, of diesel trucks to natural
8 gas trucks, and therefore deploying one of the
9 largest deployments of natural gas vehicles in the
10 country here in San Diego County.

11 The project timeline for the project is
12 about a one-year process, and the California
13 Energy Commission has jurisdiction over site and
14 local permits. The construction time that we
15 anticipate is 12 -- is 19 to 20 to 24 months,
16 putting us online shortly prior to or in the
17 middle of summer of 2002.

18 We'd be happy to answer any questions
19 from the audience on the plant, and we appreciate
20 your time.

21 Thank you.

22 PRESIDING MEMBER ROHY: May I ask a
23 question of the Applicant before we begin the
24 staff's presentation?

25 What is the impact of this power plant

1 on a natural gas supply in the San Diego area, and
2 especially the South Bay area?

3 MS. SEGNER: Our view is that the
4 natural gas reliability issues and the gas supply
5 issues are -- are critical issues that need to be
6 addressed as -- as the project moves forward.

7 In terms of natural gas reliability, our
8 view is that there is enough gas, natural gas to
9 serve our facility, as well as the existing other
10 facilities. The fact that there is a strong
11 demand for natural gas growing in Mexico does add
12 complications to the natural gas situation for our
13 facility, but we do -- we are working with Inyo
14 Gas and Electric and they have been very helpful
15 to working toward a solution. In addition, we
16 will -- we are working with other generators in
17 San Diego on these issues, as well.

18 PRESIDING MEMBER ROHY: But the power
19 line -- or, excuse me, the gas transmission line
20 that you are proposing to use is the same line
21 that will go in to Mexico; is that correct?

22 MS. SEGNER: That is -- there's --
23 there's -- the line, there are two lines that --
24 there are two lines that are going in to -- to
25 Mexico. The one that will serve the Rosarita

1 facility is -- is not the same route as what's
2 near our line. So it -- I mean, it comes off the
3 same system. I mean, it all comes from the north.

4 PRESIDING MEMBER ROHY: And will we,
5 during these proceedings, hear anything about the
6 possible gas contracts that you have?

7 MS. SEGNER: Yes. Absolutely. And we
8 are working on those issues as we speak.

9 PRESIDING MEMBER ROHY: Thank you.

10 COMMISSIONER LAURIE: Sometime this
11 evening I'd like some information, and with a
12 little greater degree of specificity than in the
13 AFC, on the local permit process. It's my
14 understanding that there is consistency with
15 general plan, there is consistency with zoning,
16 but to the extent that a variance will be required
17 for height limitations, to the extent that the
18 county is willing to offer comment regarding
19 timing, and the process for that, I would
20 appreciate it. It doesn't have to be now, but
21 sometime before the evening is over.

22 HEARING OFFICER GEFTER: Oh, excuse me.
23 Were you going to answer Commissioner Laurie's
24 question?

25 COMMISSIONER LAURIE: Yeah. It wasn't a

1 question.

2 HEARING OFFICER GEFTER: Oh, it was just
3 a comment. Okay. And actually, in conjunction
4 with Commissioner Laurie's comment, I have a
5 question regarding the zoning for the area where
6 the site is proposed to be located, and how the
7 site is compatible with the zoning. And --

8 MS. SEGNER: Sure. Bill Chilson, from
9 PG&E Generating, will address that issue.

10 MR. CHILSON: I can just talk briefly
11 about it. It's -- it's zoned mixed industrial,
12 and in the Otay Mesa specific plan there is a
13 reference to utility uses being compatible subject
14 to a major use permit in the mixed industrial
15 zone. So that's how it fits in to the zoning of
16 the site.

17 In order to be in compliance with the
18 Otay Mesa specific plan, we would need to get a
19 height variance, and the process for that, one of
20 the things we're going to be talking about
21 tomorrow in the workshop is -- is the process for
22 applying for and obtaining that variance.

23 COMMISSIONER LAURIE: Did you indicate
24 also that you need a special use permit?

25 MR. CHILSON: The project would be

1 subject to a -- a major use permit, were it not
2 for the jurisdiction of the California Energy
3 Commission.

4 COMMISSIONER LAURIE: Well, that --
5 that's an issue. But under county regs, you would
6 need a special use permit; is that correct?

7 MR. CHILSON: They call it a major --
8 major use permit.

9 COMMISSIONER LAURIE: A major use --

10 MR. CHILSON: But I think that's the --
11 it's the equivalency.

12 COMMISSIONER LAURIE: Okay. That's
13 something that we have to talk about. A major use
14 permit, or a special use permit process is a
15 different process than a variance process, and
16 it's a timing issue.

17 PRESIDING MEMBER ROHY: I had another
18 comment on timing, and it's that the Applicant has
19 proposed a very unique, perhaps novel, emission
20 reduction credit system. And I -- I'm not going
21 to comment on the value of that, except to say
22 that that will -- could have an impact on schedule
23 as we go forward when we get different views from
24 different agencies on this unique approach with
25 the use of mobile sources. And hopefully, when we

1 get into our discussion at the last item on
2 timing, that we will act -- address that issue.

3 MR. CHILSON: We're aware that it's a
4 novel program, and we're working very hard to try
5 to put it together in the timeframes that are
6 required to achieve the one-year processing.

7 PRESIDING MEMBER ROHY: Thank you.

8 HEARING OFFICER GEFTER: We're now ready
9 for staff to make your presentation.

10 PROJECT MANAGER ALLEN: I'm going to
11 give a brief overview of the Commission's siting
12 process for the proposed electric plant. I'm not
13 going to provide a lot of detail beyond what you
14 see in the slides, but I'd be happy to answer
15 questions afterwards.

16 Is the microphone on now? Next slide.

17 The second slide illustrates who does
18 what when a power plant Application for
19 Certification is filed with the Energy Commission.
20 There's the five-member Commission, with five --
21 the five full members of the Commission, the
22 ultimate decision makers. Through the year-long
23 proceeding there's the two-member project siting
24 committee, with Commissioner Rohy as the Vice
25 Chair of the Commission and the Presiding Member,

1 and Commissioner Laurie the Associate Member, and
2 they are here tonight. They make a recommendation
3 to the full Commission at the decision point.

4 Ms. Gefter is the Hearing Officer
5 conducting the hearing, as she does tonight, and
6 other hearings that will occur throughout the
7 process.

8 Then we get to the line with the five
9 boxes, and those are the parties involved in the
10 proceeding. The Applicant, with Ms. Segner as the
11 Project Manager for PG&E Generating; various
12 local, state and federal agencies that are
13 participating in the process; the Energy
14 Commission staff, which is an independent party
15 making its analytical recommendations on potential
16 impacts of the project and possible mitigation
17 options. I am the Project Manager in charge of
18 the staff's work on this project.

19 Two intervenors have -- two potential
20 intervenors have said that they are interested in
21 participating. Those intervenors are California
22 Unions for Reliable Energy and Duke Energy. I
23 understand that their petitions for intervention
24 are being reviewed now.

25 And then there are any interested

1 members of the public who are welcome to
2 participate.

3 The Public Adviser, Ms. Mendonca, is
4 available to work with both the intervenors and
5 the members of the public.

6 HEARING OFFICER GEFTER: Ms. Allen,
7 before you continue, is there a copy of your
8 overhead slide package in the back for the public
9 to see?

10 PROJECT MANAGER ALLEN: Yes, there is.
11 That package looks like this.

12 HEARING OFFICER GEFTER: And Ms.
13 Mendonca, the Public Adviser, is now handing out
14 copies of your package.

15 PROJECT MANAGER ALLEN: The next slide
16 summarizes the purpose of the Energy Commission's
17 siting process. It emphasizes maintaining a
18 reliable supply of electrical energy at a level
19 consistent with the need for such energy for
20 protection of public health and safety, for the
21 promotion of the general welfare, and for
22 environmental quality protection. And this is
23 from Public Resources Code Section 25001.

24 Slide four gives more detail on the
25 Commission's siting process. The Energy

1 Commission has jurisdiction over thermal or fuel
2 burning power plants with a capacity of 50
3 megawatts or greater, and related facilities such
4 as electric transmission lines and water and gas
5 pipelines.

6 The Energy Commission staff coordinates
7 its environmental impact analysis and mitigation
8 work with federal, state, and local agencies. A
9 local example is that we are coordinating the
10 beginning of our analytical work with the San
11 Diego County Department of Planning and Land Use.

12 The Energy Commission is the lead agency
13 at the state level for implementing the California
14 Environmental Quality Act. This is commonly
15 called CEQA, and we'll refer to CEQA later on in
16 the evening here.

17 Slide five gives more detail on the
18 Energy Commission's process, which is considered a
19 process equivalent to CEQA. The Energy Commission
20 staff is not involved in producing a formal
21 environmental impact report, but the documents
22 that it produces, called the Preliminary Staff
23 Assessment and the Final Staff Assessment feed in
24 to the Presiding Members Proposed Decision. The
25 Presiding Members Proposed Decision is considered

1 essentially the equivalent of the final
2 environmental impact report.

3 The Energy Commission's environmental
4 impact analysis process involves a series of
5 public workshops and hearings, with the first
6 being tonight's meeting. And the staff analysis
7 is produced in two parts. The preliminary, which
8 is called the PSA, or Preliminary Staff
9 Assessment, and the final, with the final
10 incorporating public comment on the preliminary
11 document.

12 And then this is followed by the
13 Presiding Members Proposed Decision on approval or
14 denial of the project, and the Final Decision by
15 the full Commission, the five Commissioners.

16 The next slide provides some detail on
17 the phases of the siting process. Right now we're
18 on the -- the third white box line, the discovery
19 phase, where we're holding the informational
20 hearing and site visit. Tomorrow morning a data
21 request workshop is scheduled in San Diego to talk
22 with the Applicant about the staff's data requests
23 and the data requests by San Diego County staff.

24 So we are -- we are partway through the
25 discovery process. The discovery process will

1 eventually begin to merge with the staff's
2 analytical process, where we'll be preparing the
3 Preliminary Staff Assessment, and so on.

4 The eventual outcome of the process is
5 that approximately a year from the data adequacy
6 point, which was October 6th, there will be a
7 decision by the full Commission.

8 This slide summarizes the Commission's
9 open public process. We hold a number of
10 workshops and hearings, which are publicly noticed
11 10 to 15 days in advance. The Commission also
12 maintains an extensive mailing list in order to
13 let people know about these events.

14 You can obtain documents, for example,
15 the Application for Certification, at public
16 libraries in Chula Vista and San Diego. Documents
17 related to the Otay Mesa Project are also
18 available at the Energy Commission Library in
19 Sacramento. And then electronic documents are
20 available through the Energy Commission's Website,
21 and you can come to the docket unit at the Energy
22 Commission, also. Come in person, or call them on
23 the phone about any documents that you're
24 interested in.

25 Slide eight gives more examples of the

1 various federal, state, and local agencies that
2 work with the Energy Commission. At the local
3 level we're working with the County Department of
4 Planning and Land Use, Public Works, and
5 Environmental Health. Also, the Air District,
6 through the San Diego County Air Pollution
7 Control District. At the state level examples are
8 the Department of Fish and Game,, Caltrans, and
9 the Air Resources Board. The federal level,
10 examples are we are working with the Environmental
11 Protection Agency and the U.S. Fish and Wildlife
12 Service.

13 This last page is a contact list, giving
14 you my telephone number and e-mail address, as
15 well as those for Ms. Gefter, the Hearing Officer,
16 and Ms. Mendonca, our Public Adviser.

17 That concludes my presentation on the
18 staff siting process.

19 PRESIDING MEMBER ROHY: Ms. Allen, may I
20 ask you a question. On a few of your slides, you
21 described the need assessment as one of our tasks.
22 I believe that's currently accurate, but could you
23 describe what recent legislation may have done to
24 that need assessment, and the date when that might
25 change?

1 PROJECT MANAGER ALLEN: The Energy
2 Commission has a process commonly called the
3 Electricity Report process. I think the date is
4 as of July of '99, the Energy Commission has said
5 that plants that are a result of a competitive
6 solicitation that are in the merchant category are
7 considered to be needed, because of the nature of
8 the competitive process.

9 PRESIDING MEMBER ROHY: And I believe
10 SB 110 has changed the -- the law in that case,
11 too. So that -- Mr. Ogata?

12 MR. OGATA: Thank you. That's right,
13 that's correct. Ms. Allen has described the
14 current state of affairs, and as you just pointed
15 out there's been recent legislation that has
16 deleted that requirement effective January 1st.

17 PRESIDING MEMBER ROHY: Of which year?

18 MR. OGATA: Of 2000.

19 PRESIDING MEMBER ROHY: Thank you.

20 HEARING OFFICER GEFTER: Thank you for
21 that clarification.

22 PRESIDING MEMBER ROHY: Is that the end
23 of staff's report?

24 PROJECT MANAGER ALLEN: That concludes
25 my presentation, and I'm available for questions.

1 COMMISSIONER LAURIE: Question, Ms.
2 Allen. Is -- is it staff's position that a
3 special or major use permit is going to be
4 required from the county?

5 PROJECT MANAGER ALLEN: The Energy
6 Commission's license generally functions in lieu
7 of the special use permit, or, in this case,
8 what's called a major use permit.

9 HEARING OFFICER GEFTER: What process
10 does staff anticipate needs to occur at the local
11 level before staff can assess whether you can
12 recommend that a major use permit would -- would
13 have been issued by the local agency?

14 PROJECT MANAGER ALLEN: We need to work
15 with San Diego County's Department of Planning and
16 Land Use, and any other agencies that have
17 relevant concerns about the project, about the
18 conditions that they would put on if they were
19 pursuing the use permit process. Those conditions
20 will be incorporated into our process, and
21 reflected in the -- in the Commission's staff
22 proposed conditions of verification.

23 COMMISSIONER LAURIE: Well, I'm -- I'm
24 confused about that. Both special use permits and
25 variances are zoning issues. So why would the

1 Applicant have to go through a variance procedure
2 and not go through a special use permit procedure?
3 They're -- they're both zoning related issues.

4 MR. OGATA: Shall I -- this is Jeff
5 Ogata, Staff Counsel. In the past staff has
6 actually worked with the local agencies to
7 determine under what conditions the agency would
8 grant a variance. Staff would then go ahead and
9 provide the analysis as part of the testimony that
10 if the local jurisdiction has information and
11 would grant a variance, then staff would recommend
12 that that variance be granted.

13 We basically take the position that our
14 permit is -- supersedes all local regulations, but
15 we are required to coordinate with all local
16 agencies to ensure that all the local regulations
17 and ordinances are followed. So we would not see
18 -- again, what -- we'll be talking with the county
19 in the workshop tomorrow, but we do not see that
20 in this case PG&E Generating Corporation would be
21 required to file for a variance. We would, in
22 fact, attempt to incorporate that requirement into
23 the Final Decision.

24 COMMISSIONER LAURIE: Okay. That was
25 inconsistent with my previous understanding.

1 MR. OGATA: That, in fact, I believe is
2 consistent with the recent case, I can't recall if
3 it was Delta or Pittsburg.

4 HEARING OFFICER GEFTER: It's Pittsburg,
5 and also expected in Delta. But in -- in both of
6 those cases, what occurred was there was a
7 variance for a height limitation, which is what is
8 expected here in the Otay Mesa case. However, in
9 those cases the -- the city issued a resolution in
10 which it indicated that had the project gone to
11 the city for a variance, the variance would have
12 been issued. And based on that resolution, the
13 Commission then found that a variance could be
14 issued and adding conditions.

15 And I believe what we're looking for
16 here is what process is anticipated in this case.
17 Does staff anticipate that Applicant will go to
18 the County Planning Department, if that's where
19 you go for a major use permit application, and
20 have that agency then go to the supervisors to ask
21 for a resolution. And if that's the case, what's
22 the timeline on it.

23 MR. OGATA: I don't believe we'll be
24 able to answer that question tonight. We will be
25 talking to the county tomorrow, so hopefully we'll

1 have that information available as soon as
2 possible. But I think every -- our experience is
3 that every jurisdiction likes to do things a
4 little differently, so we certainly try to use the
5 same process as much as possible, but that's going
6 to be no guarantee until we actually have an
7 opportunity to contact and discuss process with
8 the local jurisdiction.

9 COMMISSIONER LAURIE: Well, if variances
10 and special use permits are discretionary,
11 requiring CEQA analysis, so a question to be posed
12 is what documentation is going to be utilized.
13 And if it's our documentation, at what point in
14 the process will the county be taking action. And
15 it's -- I'm -- I would anticipate that the
16 committee's going to want an early resolution to
17 that question.

18 HEARING OFFICER GEFTER: At this point
19 we'd request staff to go forward with your Issue
20 Identification Report, which was served on all the
21 parties. And I believe there are copies in the
22 back of the room, as well.

23 PROJECT MANAGER ALLEN: As well as
24 copies of the Issue Identification Report, in
25 full, there's my slide presentation summary, which

1 looks like this, also.

2 Slide 10 summarizes the purpose and
3 criteria used in staff's Issue Identification
4 Report. This report, which is available at the
5 table near the entrance, is staff's first cut at
6 identifying the potentially significant
7 environmental and engineering issues associated
8 with the Otay Mesa project.

9 Staff has identified potentially
10 significant issues in the air quality, biological
11 resources, land use, and transmission system
12 engineering areas.

13 Slide 12 lists the potential issues
14 within the air quality area. The Applicant has
15 proposed an innovative new approach for attaining
16 air quality offsets, both stationary and mobile
17 emission sources. As Ms. Segner said, the mobile
18 sources would likely be fleet vehicles in the San
19 Diego area. The Applicant has also proposed use
20 of a new emission control technology called
21 SCONox, if it is commercially available.

22 Both the proposals for using mobile
23 emission sources and the SCONox technology appear
24 to be promising. However, since both are fairly
25 -- excuse me, since both are new and fairly

1 complex, the analytical review needed by the air
2 quality oversight agencies -- that's the San Diego
3 Air Pollution Control District, the California Air
4 Resources Board, and the U.S. Environmental
5 Protection Agency, and the Energy Commission --
6 may be fairly time consuming.

7 Some of this air quality offset SCONOX
8 information is currently confidential and/or
9 proprietary. The staff is working with the
10 Applicant to address the scope and duration of the
11 confidentiality period.

12 Staff will also be looking at the
13 emission levels during all operating phases of the
14 power plant, including the initial start-up and
15 testing phase.

16 Finally, we will also be addressing the
17 potential for fine particle emissions at both the
18 particles smaller than 10 microns level and the
19 smaller than 2.5 microns level, and the related
20 mitigation options.

21 In the biological resources area, we
22 will be working with San Diego County staff and
23 the state and federal biological resource agencies
24 to address how the Otay Mesa Project will fit into
25 a policy approach called the Multiple Species

1 Conservation Plan, that's in effect here in San
2 Diego County. The East Otay Mesa area has a
3 number of areas with sensitive species and related
4 habitat, so the Multiple Species Conservation Plan
5 comes into play for this area.

6 As far as land use, we will be working
7 with San Diego County staff on whether it would
8 permit a variance of their 60 foot height limit
9 for this area, given that two features of the
10 project will be between 110 and 120 feet tall.
11 And as far as Mr. Laurie's concern, we will be
12 working with the county as far as whether they
13 would permit this. So we'll be addressing how
14 their usual procedure would fit into our process.

15 In the transmission system engineering
16 area, the Applicant -- excuse me -- was discussing
17 the possible need for reconductoring, or adding
18 new wires to the existing Tijuana-Miguel 230 kV
19 transmission line. Our staff will also be looking
20 at the project's potential impact on Mexico's
21 electricity system, and the power import patterns
22 that are currently occurring in the San Diego
23 region.

24 Slide 15 highlights staff's tentative
25 schedule based on key information being available

1 prior to filing of the PSA and the FSA. Key
2 events coming up at the filing of the PSA
3 tentatively in the spring, the FSA about six weeks
4 later, and the public evidentiary hearings
5 tentatively scheduled for mid-May.

6 I'd like to reiterate staff's concern
7 and uncertainty, though, about being able to meet
8 this schedule, given the newness and complexity of
9 the proposed offset package, including mobile
10 sources, and the relatively new SCONOX technology
11 which has not yet been tested commercially at this
12 scale.

13 In closing, staff proposed to provide
14 the committee and the public with periodic status
15 reports on these potential issues, any new issues,
16 and the progress of staff's analysis.

17 The final slide is a list of acronyms
18 that we've thrown out throughout the evening.

19 The concludes my presentation, and I'm
20 available for questions.

21 COMMISSIONER LAURIE: Question, Ms.
22 Allen. When you state that you have concerns over
23 staff's ability to meet the timeframe as discussed
24 in light of air quality issues, are you making
25 reference to staff's work independently, or are

1 you making reference to staff's reliance upon need
2 of permits obtained at the federal and state
3 level?

4 MS. ALLEN: I'd say it's both. We need
5 to hear from the air district as far as their
6 document, called the preliminary determination of
7 compliance. So we aren't going to be able to
8 issue the PSA until we have their document in
9 hand.

10 Furthermore, I understand that the
11 Applicant is waiting for guidance letters
12 regarding the mobile sources from the Air
13 Resources Board, and U.S. EPA.

14 So there -- there are things that need
15 to happen in order for us to be able to pursue the
16 independent analysis thoroughly.

17 HEARING OFFICER GEFTER: Is the CARB
18 representative here, ARB representative? Do you
19 have any comments on --

20 MR. GALLENSTEIN: Not at this time.

21 HEARING OFFICER GEFTER: Okay.

22 PRESIDING MEMBER ROHY: For the record,
23 you said you had no comments; is that correct?

24 MR. GALLENSTEIN: Not at this time.

25 PRESIDING MEMBER ROHY: Not at this

1 time.

2 I'd like to follow up on that question,
3 though. I believe you said that there are some
4 studies being done by the U.S. EPA, or did I
5 misunderstand. Could you elaborate on that,
6 please?

7 PROJECT MANAGER ALLEN: I don't know
8 that I'd call them studies. The Applicant has
9 been working diligently with all three agencies,
10 the -- the local Air Pollution Control District,
11 the Air Resources Board, and EPA on an approach
12 that will work for all involved, as far as the
13 mobile sources.

14 So they've told us that they are waiting
15 for guidance letters from these agencies. Those
16 guidance letters, in turn, will help them put
17 together the package that the air district needs
18 in order to evaluate the material needed for their
19 preliminary determination of compliance.

20 PRESIDING MEMBER ROHY: And to maybe
21 reiterate the question, when are these guidance
22 letters expected from -- either you can answer, or
23 the Applicant can answer the question.

24 MS. SEGNER: We, as Eileen mentioned, we
25 have been working for the last year with CARB,

1 EPA, and all the environmental agencies, on the
2 issue of the offsets. In terms of the timing of
3 the letter from CARB and EPA, we're anticipating
4 it in the December timeframe. And in addition, we
5 are also in negotiations right now with the
6 various prospects for the offsets here in San
7 Diego, and anticipate having those negotiations
8 wrapped up shortly, as well.

9 Once those negotiations, which are
10 ongoing as -- as we speak, once those negotiations
11 are wrapped up, the Applicant will be filing with
12 the air district for -- for the ERCs at that
13 point. And much more information will be
14 available at that point.

15 PRESIDING MEMBER ROHY: In a recent
16 case, the La Paloma case, in particular, I believe
17 we had a witness who said that the SCONox
18 technology is being tested by a major manufacturer
19 -- I believe it was ABB -- and that the results of
20 that test would be known in the fall. Are those
21 results available so that we know whether this
22 technology is ready for commercialization or not?

23 MS. SEGNER: In terms of where things
24 are at with the testing program, there has been an
25 ongoing program by ABB Environmental in terms of

1 on the SCONOx technology. The target date has
2 been this fall. We are -- we are waiting for
3 those results to be made public, as well. We
4 anticipate those commercial guarantees and the
5 results coming very shortly.

6 PRESIDING MEMBER ROHY: I know we're
7 still in the fall season. Do you --

8 (Laughter.)

9 PRESIDING MEMBER ROHY: -- do you
10 anticipate that the ABB Environmental Engineering
11 will make the goal of releasing their data in the
12 fall season?

13 MS. SEGNER: It's certainly -- certainly
14 where we are -- we have worked extensively with
15 ABB Environmental on the technology and
16 understanding more about the technology, and that
17 -- that's certainly our --

18 PRESIDING MEMBER ROHY: Is your offset
19 package based on achieving 1.0 PPM NOx with
20 SCONOx?

21 MS. SEGNER: No. Our -- our enforceable
22 limit is 2 PPM at a three hour averaging period.
23 In terms of the 100 tons, it's based on -- it's
24 about -- it translates to about in that 1.5 range,
25 in terms of what it translates to. So there is --

1 there is some room there, but we are targeting
2 one.

3 PRESIDING MEMBER ROHY: We'll get into
4 discussions as we get into hearings, but there are
5 a lot of very interesting questions of how you
6 measure one or two, or one and a half or two and a
7 half. And I will certainly be available, as Mr.
8 Thompson knows, to ask those questions.

9 MS. SEGNER: And we're working on that,
10 that answer, as well.

11 PRESIDING MEMBER ROHY: And other
12 questions that deal with the offset, so that will
13 be very complex as we go forward.

14 Thank you.

15 MS. SEGNER: Thank you.

16 HEARING OFFICER GEFTER: Question for
17 staff. In the Issue Identification Report there
18 are references to the concern that staff has that
19 there is -- there is confidential information that
20 has not been provided to staff, and that therefore
21 staff can't proceed with its analysis.

22 And I wanted to know what the status of
23 that information is, and whether Applicant has
24 filed a request for confidentiality with the
25 Commission on those issues.

1 PROJECT MANAGER ALLEN: Well, I'll try
2 to answer these questions one at a time.

3 The Applicant is talking with us about
4 the information that is currently confidential.
5 We are looking to diminish the level of
6 confidential information so it's at a minimum.
7 They've told us that the need for confidentiality
8 will diminish once these guidance letters are
9 released, and that will permit them to firm up the
10 negotiations with the potential offset sources.
11 So this -- this, too, is tied up with the guidance
12 letters from the oversight agencies.

13 As far as the second question, they have
14 requested a confidentiality period, and we haven't
15 come up with a finite period, like four months.
16 At this point it's more based on once those
17 letters are in place and the Applicant has begun
18 to work based on the guidance in those letters,
19 that that will eventually lead to issuing the
20 preliminary determination of compliance, and the
21 confidentiality period would end before that.

22 HEARING OFFICER GEFTER: Does staff
23 believe that you could produce a PSA under that
24 kind of time constraint?

25 PROJECT MANAGER ALLEN: It's a question

1 of how complete that PSA would be. I -- I'm going
2 to have to reserve judgment on that at this point,
3 and it would be more informative if I could update
4 you on that in the first status report.

5 HEARING OFFICER GEFTER: And the last
6 issue regarding biological resources, staff
7 indicated in your Issue Identification Report that
8 the biological review will be quite complicated
9 and time consuming. What -- what kind of timeline
10 do you have in mind here?

11 PROJECT MANAGER ALLEN: I'd say
12 approximately three to six months. It's not so
13 much that it's complicated. There are just a
14 number of subareas within the Otay Mesa area that
15 need to be discussed, and the appropriate permit
16 processes identified. Our biologist has said that
17 he thinks it will become a lot more clear if
18 there's a matrix put together on what needs to
19 happen for each subarea and the affected species.
20 So I understand that the Applicant is working on
21 putting together a table like that.

22 We plan to meet and discuss this whole
23 process with the county's biological staff and the
24 comparable biology oversight agencies.

25 HEARING OFFICER GEFTER: The next topic

1 is the proposed schedule. Does staff have any
2 further comment about the schedule? Are you --
3 the schedule that's contained in your Issue
4 Identification Report.

5 PROJECT MANAGER ALLEN: Yes.

6 HEARING OFFICER GEFTER: Do you have any
7 comment, or any explanation about the schedule?

8 PROJECT MANAGER ALLEN: I don't have
9 anything to add besides the statements regarding
10 our uncertainty, particularly given the timing of
11 the air quality information that we'll need.

12 HEARING OFFICER GEFTER: Does the
13 Applicant have any comment about staff's proposed
14 schedule?

15 MR. THOMPSON: Not much at this time,
16 although I would say that we would ask the staff's
17 and the committee's patience on this one. As I
18 think most everybody recognizes, offsets in the
19 San Diego area are extremely difficult to come by.
20 So the Applicant was faced with a situation where
21 power generation within the San Diego area is a
22 very needed commodity, but having traditional
23 offsets in the bank were not there. So they
24 embarked upon this rigorous, demanding MERC
25 program to try and obtain these offsets, and I

1 think have gone well down the road.

2 We have talked to staff. We had hoped
3 -- we hope to get as much information out to staff
4 as early as we can. We hope also to keep the
5 amount of information that needs to be kept
6 confidential as small as possible. And I think
7 that we and staff have an agreement that the --
8 ultimately, the information that will be kept
9 confidential the last two months or so of the
10 confidential period is not something that's going
11 -- will be crucial to either -- to staff in their
12 analysis.

13 So this is a long way of saying that I
14 -- that I think we can get there. We're working
15 very hard to get there. We're cognizant of the
16 schedule. Staff's issues are four that we talk
17 about the most, and we're going to try our best.

18 MR. OGATA: I just want to amplify that
19 just a little bit. This is Jeff Ogata, Staff
20 Counsel.

21 Just for the record, I do want the
22 committee to know that staff and the Applicant
23 have had a discussion about the schedule, a
24 procedural discussion about the schedule, so it
25 was not a noticed meeting, at which time also

1 representative of the Executive Director was
2 present, since the Director ultimately makes the
3 decision on confidentiality.

4 The purpose of this meeting was to
5 determine the status of their current confidential
6 application, because the Executive Director had
7 sent a response back to PG&E Generating
8 Corporation asking them for some additional
9 information regarding how long they wanted to keep
10 the material confidential. So that's kind of what
11 led to this discussion about the schedule and when
12 were we going to get information, and how is this
13 all going to come together.

14 And so I do want to point out that, in
15 fact, that as part of that meeting PG&E
16 Corporation has agreed to provide a revised
17 confidential filing that will limit the amount of
18 information to as small a portion as possible,
19 that will allow staff to go forward with the
20 analysis. And we'll provide them the protection
21 they need for certain pieces of information. And
22 when that information becomes public, which, as
23 you know the Executive Director will be demanding
24 that it become public fairly soon so that there
25 can be public discussion about all these issues,

1 when that becomes public then staff will be able
2 to put out probably a complete analysis. But we
3 will be able to do an analysis on the technical
4 issues prior to that time. That's my
5 understanding.

6 HEARING OFFICER GEFTER: At the
7 beginning of this evening's session Yolanda
8 Walther-Meade, who is a certified interpreter,
9 indicated that she is available to do simultaneous
10 translation for any Spanish speaking members of
11 the public who are present. And indeed, Yolanda
12 has been doing simultaneous translation throughout
13 this entire proceeding, and we want to thank her
14 for that.

15 Also, the Applicant's presentation was
16 on two slide -- two slides. One was in Spanish
17 and one was in English throughout the entire
18 presentation, and we want to thank the Applicant
19 for providing the Spanish translation of your
20 presentation.

21 And if there are any -- do we have any
22 other questions from the members of the public?
23 From agencies? Please come up and ask any
24 questions you might have about the project at this
25 time.

1 Anybody from any of the local agencies
2 or state agencies that are present? All right.

3 Any members of the public, if you have
4 any questions at all you're welcome to come and
5 ask right now.

6 COMMISSIONER LAURIE: Ms. Gefter, I need
7 to reiterate my concern over the major use permit
8 issue. Whether the committee wants to order
9 briefing on the issue, or information on the issue
10 is something that we need to consider. But if
11 there has to be a formalized process with the
12 county, and I'm not concerned that the county may
13 not issue it, I -- I don't know, but in which case
14 it'd be at least a 90 day process, no doubt.

15 And so from a timing perspective, I
16 really need that issue clarified immediately. It
17 is something different than a variance, and I
18 think we've always handled those issues
19 differently than a variance. So it remains of
20 concern to me.

21 PRESIDING MEMBER ROHY: Perhaps staff in
22 the workshop tomorrow can -- can work with the
23 Applicant and provide the committee with more
24 information through a formal process.

25 MR. OGATA: Yes, Commissioner Rohy, I

1 think that we understand Commissioner Laurie's
2 concerns, we understand he's been concerned in a
3 previous case, as well, so that certainly is at
4 the top of our list in terms of needing to be
5 resolved. And unfortunately, tomorrow is the
6 first time we're going to have an opportunity to
7 meet with the county and discuss some of these
8 things, so we're not in a position to really give
9 you any news tonight.

10 But certainly, if the committee's
11 request to us is to file a status report or a
12 report, or brief the issue, or something, we'll be
13 happy to accommodate that as soon as possible.

14 I believe you've heard the request
15 tonight several times, we've heard that several
16 times.

17 (Laughter.)

18 PRESIDING MEMBER ROHY: And -- and, now,
19 you said it's where on your list, Mr. Ogata? It
20 is where on your priority list?

21 MR. OGATA: At the very top.

22 PRESIDING MEMBER ROHY: Ah, that's what
23 I thought you said.

24 (Laughter.)

25 PRESIDING MEMBER ROHY: Thank you.

1 PROJECT MANAGER ALLEN: Commissioner
2 Laurie, we will be meeting with San Diego County,
3 as well as other agencies, tomorrow morning in a
4 data request workshop, and it's also open for
5 discussion and --

6 COMMISSIONER LAURIE: That's fine, Mr.
7 Allen, just as long as everybody's on the same
8 page.

9 PROJECT MANAGER ALLEN: Yes, I -- we'll
10 raise that with the county. I understand that
11 part of the concern is identifying the point in
12 the schedule where the county needs to go forward
13 with their local decision, and that there have
14 been other cases that the Commission is dealing
15 with where the county needed more time than
16 expected. So you'd like to have -- have this
17 issue settled as soon as possible.

18 HEARING OFFICER GEFTER: We anticipate
19 that the staff and Applicant will file a status
20 report to us on this issue within two weeks, and
21 so that would be November 30th. If that -- is
22 that a weekday? I don't have a calendar here.

23 It's a Saturday? Yeah, I'm afraid it is
24 --

25 PROJECT MANAGER ALLEN: November 30th is

1 a Tuesday.

2 HEARING OFFICER GEFTER: Is a Tuesday?
3 All right. So we -- we'd like to see a status
4 report on this issue delivered to the committee on
5 November 30th, and that would be information that
6 is presented by the Applicant and by the staff.
7 You can file separate documents, or you can come
8 to some sort of agreement and file one document.
9 But we'd like to see that by November 30th.

10 PRESIDING MEMBER ROHY: And the other
11 item that we talked about tonight were those --
12 and I cannot recall the proper term, the letters
13 from the federal EPA, advice letters, that might
14 be filed in December. So as soon as they're
15 filed, it would be very good to get those into the
16 docket.

17 HEARING OFFICER GEFTER: And that would
18 be the Applicant's responsibility to file those
19 letters as soon as you receive them.

20 MR. THOMPSON: Yes.

21 HEARING OFFICER GEFTER: Thank you.

22 PROJECT MANAGER ALLEN: Mr. Chilson, I
23 understand that those letters will be a matter of
24 public record, those letters forthcoming from the
25 oversight agencies?

1 MR. CHILSON: I believe you're referring
2 to the advice letters on the MERC program --

3 PROJECT MANAGER ALLEN: Yes.

4 MR. CHILSON: -- not to the specific --
5 specifics of some of the fleets we're talking to.

6 PROJECT MANAGER ALLEN: That's right.
7 The guidance letters.

8 MR. CHILSON: And I believe those
9 documents are written by EPA to a -- the local air
10 district, and so they're public record.

11 PROJECT MANAGER ALLEN: Thank you.

12 HEARING OFFICER GEFTER: And those are
13 the letters we are referring to that would be
14 docketed as soon as you receive them?

15 MR. CHILSON: Yes.

16 HEARING OFFICER GEFTER: Yes. Thank
17 you.

18 Does anyone have any other questions of
19 the parties? Any further comments before we
20 close?

21 MS. SEGNER: One thing regarding the
22 letters from EPA and CARB. There may be specific
23 aspects in terms of in the letters that are
24 confidential, in terms of that deal with specific
25 fleets and specific vehicles that we are talking

1 about, that it would be very easy for someone
2 potentially to identify what type of fleets and
3 specifically perhaps even who we are talking to.
4 And from a process standpoint, it may be better to
5 file the entire package all together, rather than
6 giving the regulatory guidance because that, in
7 turn, would -- would essentially disclose
8 competitor information in terms of who -- which
9 specific fleets we're talking to.

10 PRESIDING MEMBER ROHY: Obviously, the
11 confidentiality issue is something that we will
12 negotiate between Applicant and the Commission,
13 particularly the Executive Director of the
14 Commission. But to the extent that you can get
15 information to us early about the mobile offset
16 program, your schedule will remain closer to
17 reality.

18 MS. SEGNER: Okay.

19 PRESIDING MEMBER ROHY: The longer it
20 takes for us to get information on this novel
21 program I suspect could cause delays in the
22 schedule.

23 MS. SEGNER: Okay. That's definitely
24 our intent, to provide the framework and to be
25 thorough and provide that to both you and the

1 public. It's simply an issue of working with the
2 various fleets and making sure we're being careful
3 in terms of what we disclose before those
4 arrangements are signed.

5 HEARING OFFICER GEFTER: Hearing no
6 further comment from any of the parties or members
7 of the public, the hearing is adjourned.

8 (Thereupon, the California Energy
9 Commission's Informational Hearing
10 on the Otay Mesa Generating Project was
11 concluded at 7:24 p.m.)

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CERTIFICATE OF REPORTER

I, DAN GRADY, an Electronic Reporter, do hereby certify that I am a disinterested person herein; that I recorded the foregoing California Energy Commission Informational Hearing; that it was thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said Informational Hearing, nor in any way interested in the outcome of said Informational Hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of November, 1999.

DAN GRADY

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